



**STATE OF TENNESSEE**  
**DEPARTMENT OF COMMERCE AND INSURANCE**  
TENNESSEE STATE BOARD OF ACCOUNTANCY  
DAVY CROCKETT TOWER  
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**Board Meeting**  
**August 30, 2010**

The meeting of the Tennessee State Board of Accountancy convened in the Andrew Johnson Tower, Nashville, Tennessee on Monday August 30, 2010 at 11:00 a.m.

Board members present by telephone were: Stan Sawyer, Chair; Don Royston, Vice Chair; Lisa Stickel, Secretary; Vic Alexander, Bill Blaufuss, Jennifer Brundige, Al Creswell, Ken Cozart, Shannone Raybon, Casey Stuart and Doug Warren.

A determination was made that a quorum was present.

Also present were: Mark Crocker, Executive Director; Chris Whittaker, Staff Attorney; Don Mills, Investigator; and staff member Sandra Cooper.

Roll call was taken by Mr. Crocker. Mr. Blaufuss read the following Determination of Necessity Statement:

**Determination of Necessity for August 30, 2010 Meeting**  
**Tennessee State Board of Accountancy**

Tenn. Code Ann. § 8-44-108 requires: 1.) that a governing body which conducts a meeting electronically and without a physical quorum present at the location of the meeting make a determination of necessity (as defined by Tenn. Code Ann. § 8-44-108(a)(3) regarding the meeting; 2.) that such determination and the facts and circumstances upon which it was based must be included in the minutes of the meeting; and, 3.) that the governing body must file the determination of necessity with the office of the Secretary of State no later than two (2) working days after the meeting.

The Tennessee State Board of Accountancy ("the Board") recently reviewed Rule 0020-2-.02(1) (b) 3. regarding the educational requirements for licensees of the Board. Based on that review, the Board determined that there is a necessity for Board action prior to its next regularly scheduled meeting on October 29, 2010. The facts and circumstances supporting the necessity of a hearing by the Board on August 30, 2010, are as follows:

- 1.) Necessity exists for this meeting to be held electronically because the members of the Board participating in the hearing are spread geographically throughout the State of Tennessee. Further, the participating Board members are unable to be physically present for this Board meeting due to a relatively short notice period (8 days).
- 2.) Rule 0020-2-.02(1) (b) 3. states: "For purposes of this rule, one (1) graduate hour from a recognized college or university will count as one and one half (1.5) credit hours." However, Tenn. Code Ann. § 62-1-106 requires... "at least one hundred fifty (150) semester hours of college education...". As such, there presently exists an irreconcilable conflict between Rule 0020-2-.02 (1) (b) 3. and Tenn. Code Ann. § 62-1-106 which requires immediate action by the Board.
- 3.) In order to increase the mobility of certified public accountants and to encourage multi-jurisdictional practice, an overwhelming majority of the state boards of accountancy in the United States have adopted statutes establishing substantial equivalency standards for licensure, including educational requirements. The prevailing education standard requires that licensees have the same 150 hours of education required by Tenn. Code Ann. § 62-1-106.
- 4.) In its current form, Rule 0020-2-.02 (1) (b) 3 creates the possibility that a Tennessee licensee could obtain a CPA certificate without meeting the 150 hour educational requirement as set forth in Tenn. Code Ann. § 62-1-106.

- 5.) A Tennessee CPA who obtained a license pursuant to Rule 0020-2-.02 (1) (b) 3 without meeting the 150 hour requirement could find the mobility (and by extension, the value) of his license diminished because, absent going back to school and obtaining additional education, he would be unable to practice accountancy under substantial equivalency in any other state which requires 150 hours of education.
- 6.) Necessity exists for this meeting so that the Board will license the fewest possible number of individuals under Rule 0020-2-.02 (1) (b) 3, thereby increasing the uniformity of education standards and providing maximum mobility of practice for all of Tennessee CPA's licensed by the Board.
- 7.) Necessity exists for this meeting to be held prior to the next regularly scheduled Board meeting because failure to do so would mean that no action could be taken by the Board until October 2010 at the earliest. If no action is taken by the Board regarding this rule until the October 2010, the next time a rulemaking hearing could be scheduled concurrently with a regularly scheduled Board meeting would be January 2011, meaning that the effective date for such a rule change would likely be mid-2011 at the earliest. The Board believes it necessary to resolve this legal ambiguity and conflict as quickly as possible so as not to adversely impact the potentially hundreds of licensees likely to sit for the CPA exam during this time period.

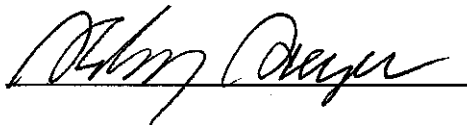
The Board made a specific finding to assure this was a meeting of necessity.

The Determination of Necessity was adopted by roll call vote. All voted in the affirmative.

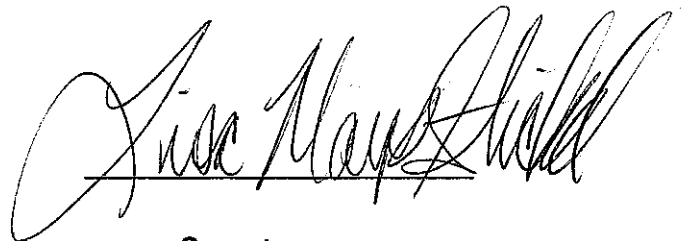
Discussion ensued as to the effective date of the proposed change and procedures to notify candidates.

After discussion, Mr. Whittaker asked for a roll call vote on the proposal to delete Rule 0020-2-.02(1) (b) 3. Mr. Crocker polled the Board and the proposal passed with a unanimous vote.

Meeting adjourned.



Chairperson



Secretary